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Worker Efficiency Up Slightly

Firms Try To Do More With Less

By Jeannine Aversa The Associated Press

WASHINGTON — The efficiency of America's workers grew at a slightly slower pace in the spring as companies sought to produce more with leaner work forces. Workers' compensation growth slowed, too.

The Labor Department reported Friday that productivity — the amount an employee produces for every hour on the job — grew at an annual rate of 2.2 percent during the April-to-June quarter. That was down from a 2.6 percent growth rate logged in the first three months of this year.

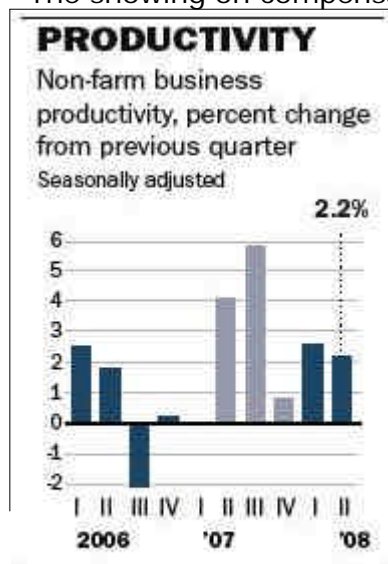
Economists were forecasting productivity to pick up slightly to a 2.7 percent pace.

"The economy is limping along and businesses are doing whatever they can to remain competitive," said Joel Naroff, president of Naroff Economics Advisors in Holland, Pa. "So, we had fewer people working shorter hours and producing more."

Meanwhile, growth in compensation — wages and benefits — also slowed as companies were less generous amid troubles in the economy and uncertainty about their own prospects.

Unit labor costs slipped to a 1.3 percent pace in the second quarter, from a 2.5 percent growth rate in the first quarter. Unit labor costs is a measure of how much companies pay workers for every unit of output they produce. Economists look to this barometer for clues about inflation.

The showing on compensation matched economists' expectations.



SOURCE: Department of Labor



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